

**City Council Questions and Answers for
Thursday, March 03, 2016**

These questions and answers are related to the
Austin City Council meeting that will convene at 10:00 AM on
Thursday, March 03, 2016 at Austin City Hall
301 W. Second Street, Austin, TX



Mayor Steve Adler
Mayor Pro Tem Kathie Tovo, District 9
Council Member Ora Houston, District 1
Council Member Delia Garza, District 2
Council Member Sabino Pío Renteria, District 3
Council Member Gregorio Casar, District 4
Council Member Ann Kitchen, District 5
Council Member Don Zimmerman, District 6
Council Member Leslie Pool, District 7
Council Member Ellen Troxclair, District 8
Council Member Sheri Gallo, District 10

The City Council Questions and Answers Report was derived from a need to provide City Council Members an opportunity to solicit clarifying information from City Departments as it relates to requests for council action. After a City Council Regular Meeting agenda has been published, Council Members will have the opportunity to ask questions of departments via the City Manager's Agenda Office. This process continues until 5:00 p.m. the Tuesday before the Council meeting. The final report is distributed at noon to City Council the Wednesday before the council meeting.

QUESTIONS FROM COUNCIL

1. Agenda Item # 3: Approve an ordinance authorizing acceptance of \$90,260 in grant funds from the TEXAS DEPARTMENT OF STATE HEALTH SERVICES, AUSTIN, TEXAS, and amending the Fiscal Year 2015-2016 Health and Human Services Department Operating Budget Special Revenue Fund (Ordinance No. 20150908-001) to authorize the appropriation of \$90,260 for the addition of 1.0 full-time equivalent position for the coordination of HIV medical care services.
 - a. QUESTION: 1) Will the FTE be funded using grant funds in future fiscal years? 2) If there are no available grants, does the City Manager anticipate continuing the work of the FTE in years where no grant funds are available?
COUNCIL MEMBER TROXCLAIR'S OFFICE
 - b. ANSWER: 1) The DSHS (grantor) has not given HHSD any assurance (and doesn't normally do so) about the continual availability of grant funds for this position in future FYs (as it is generally the case for grant-funded positions, including other positions that are funded by this grant). DSHS did not advise HHSD that the funding for this new position is only for one year. 2) Yes, we will if we get additional funding. Linkage to care for out-of-care HIV cases is a good public health strategy and may be needed for foreseeable future. If the grant funds expires, the Health and Human Services Department's need for this position will be evaluated and the position may be eliminated. HHSD always hires grant funded positions under the agreement with the employee that if the funding goes away, the position may be eliminated, which is noted in the posting language when HHSD advertises the position.
2. Agenda Item # 9: Authorize award and execution of a 36-month contract with AUSTIN EQUIPMENT COMPANY DBA HARD ROCK TRANSPORTATION to provide one-inch river rock to be used in pipeline repair in an amount not to exceed \$606,930, with two 12-month extension options in an amount not to exceed \$202,310 per extension option, for a total contract amount not to exceed \$1,011,550.
 - a. QUESTION: 1) What were the terms of the previous contract - Who was it with, how long, how much? 2) I am confused by the back saying "The pricing

offered represents a 23% increase from the last purchase made February 2012. This increase can be attributed in mining of this product and an increase in transportation cost". Fuel prices have dropped drastically, so why is there an increase in transportation cost? COUNCIL MEMBER ZIMMERMAN'S OFFICE

- b. ANSWER: 1) The previous contract was a 36-month contract with three 12-month extension options with the same vendor. The previous contract was \$170,950 per year. 2) The RCA needs to be corrected to read: The pricing offered represents a 20% increase from the last purchase made February 2012. This increase can be attributed to the mining of this product and an increase in minimum wages for the company's drivers.
3. Agenda Item # 10: Authorize award and execution of a 36-month contract with VISION MACHINE, INC., for the repair of water treatment centrifuges in an amount not to exceed \$379,985 with three 12-month extension options in an amount not to exceed \$178,545 for the first option, \$100,720 for the second option, and \$178,545 for the third option, for a total contract amount not to exceed \$837,795.
 - a. QUESTION: 1) What is the lifespan of a centrifuge? 2) Do all 3 facilities use the same model of centrifuge? 3) What is the cost of a new centrifuge? 4) In each of the past 5 years, how many centrifuges (per facility) have been repaired and what were the costs associated with each of them? 5) What were the terms of the previous contract - Who was it with, how long, how much per year? COUNCIL MEMBER ZIMMERMAN'S OFFICE
 - b. ANSWER: See attachment.
4. Agenda Item # 11: Authorize negotiation and execution of a 12-month contract with VERSATERM, INC. to provide software licenses, maintenance, and support services in an amount not to exceed \$635,669, with four 12-month extension options in amounts not to exceed \$468,968 for the first option, \$483,037 for the second option, \$497,528 for the third option, and \$512,454 for the final option, for a total contract amount not to exceed \$2,597,656.
 - a. QUESTION: 1) What were the terms of the previous contract - Who was it with, how long, how much per year? COUNCIL MEMBER ZIMMERMAN'S OFFICE
 - b. ANSWER: The Austin Police Department has been using this software since 2001, when it replaced and consolidated a number of separate computerized databases. All versions of the Versadex systems are proprietary and Versaterm is the only authorized party to provide interfaces, additional licenses, training, or support. The current contract, with the same vendor, was executed as a sole source in December 2010 as a 12-month not to exceed \$391,147, with four 12-month options at \$817,108 for the first option, \$456,084 for the second option, \$410,237 for the third option and \$422,110 for the final option. The

first option was for a higher amount to account for additional licenses that were expected. The current contract is now in a 120 day holdover period with a total spend from the contract of \$2,009,759.

5. Agenda Item # 13: Authorize negotiation and execution of a one-time contract with MATRIX CONSULTING GROUP, or one of the other qualified offerors to Request for Qualification Statements EAD0301, for a community policing consultant for a total contract amount not to exceed \$200,000.
 - a. QUESTION: Please provide the Scope of Work and timeline for the RFQS. COUNCIL MEMBER KITCHEN'S OFFICE
 - b. ANSWER: In the below the line section of the RCA, a link has been provided to the Solicitation Documents. Once you click on the link it will direct you to the solicitation, click on the Attachments tab. The Scope of Work can be found starting on page 13 of the solicitation packet. The timeline for the solicitation is the last paragraph of Section 1.0 of the scope of work (page 13).
6. Agenda Item # 15: Authorize negotiation and execution of a contract with CAPITOL MARKET RESEARCH for an economic impact study of transportation corridor development areas, in an amount not to exceed \$250,000.
 - a. QUESTION: 1) If this is approved, what is the schedule to have the 7 corridor studies completed? 2) What benefit do Economic Impact Studies like this provide? 3) Does this feed into Zoning & Planning? COUNCIL MEMBER ZIMMERMAN'S OFFICE
 - b. ANSWER: These are economic studies of the 7 corridor studies that Austin Transportation Department has or will be completing. We expect to have preliminary economic analysis by August, with final reports by late September. These report will provide an economic overlay, in terms of retail, multi-family and office private sector activity, along the corridors. They will estimate the impact of potential infrastructure improvements on real estate values. The results would be one of the factors in prioritizing the many projects that have been identified in the Corridor Improvement Area studies. The economic analysis will take into account existing entitlements along the corridors. The studies could also form the basis for the use of any value capture mechanisms (Tax Increment Financing, Public Improvement Districts) along the corridors.
7. Agenda Item # 18: Approve a resolution directing the City Manager to initiate amendments to the affordable housing and fee waiver portion of the Pilot Knob Planned Unit Development zoning ordinance (Ordinance No. 20151217-080).
 - a. QUESTION: 1) Please describe the items that will be contained within the Development Agreement and the estimated timetable for completion, and indicate whether that agreement will be approved by Council. 2) Please describe what will be contained in a restrictive covenant and the estimated timetable for completion, and explain why that wasn't executed prior to a final

decision on the zoning and whether the restrictive covenant will come to Council for approval. 3) The original MUD agreement required the developer to sell 10%/650 units at a price affordable to individuals at 80% MFI. During the work session it was noted that the city has the option but not the obligation to purchase the land and/or units. If the city declined to purchase any lots or units in the development, would the developer revert back to the original commitment to build and sell 650 units at affordable prices at the first sale? If so, where in the documents is that mechanism described? 4) At what point during the development process will the Austin Water Utility and Development Services waived fees be deposited into the Affordable Housing Trust Fund? (Please provide this information for a phased project with a buildout of 20 to 30 years.) 5) How will the price for the affordable lots purchased by the City be determined? 6) If the fees are paid over time rather than at the outset of the development, how will the City purchase lots and/or units if the Affordable Housing Trust Fund doesn't yet have sufficient money to cover the lot/unit costs? 7) Mueller has been offered as a model for the affordable housing program at Pilot Knob. Please describe (1) the total amount of public money committed to the project and an estimate of the amount allocated toward housing versus parks and other amenities (2) the number, percentage, and level of affordable units and (3) the total amount and % of fees waived for SMART housing and any other relevant similarities/differences. 8) It's my understanding that (generally speaking) the Mueller Foundation purchases affordable homes with proceeds it receives from previous sales of homes in the affordable program. Was a similar mechanism contemplated for Pilot Knob, using the \$8 million (now \$6 million) as starter funds to repurchase the 650 houses that the developer had committed to offer at affordable prices? 9) As mentioned above, during the work session it was said that the city has the option but not the requirement to purchase land or units at Pilot Knob. If the city chooses not to exercise this option, would the waived fees be returned to the Water Utility? Does the ordinance describe a particular process (outside of the annual City budget adoption) and proposed timetable for that ongoing evaluation and decision-making? 10) What are the allowable uses for Capital Recovery Fees? Have they been used to support other affordable housing efforts in Austin? 11) Do all departments budget for up to 1,500 SMART Living Unit Equivalent fee waivers per year? If so, please explain why AWU is projecting a rate increase in response to the fees waived in the Pilot Knob PUD agreement. 12) What would be the estimated property tax impact for the owner of a median-valued home for a \$100 million general obligation housing bond? Would that amount change over time? 13) Would the estimated monthly utility bill impact for a 20- or 30-year buildout at Pilot Knob remain constant over the term of the buildout? 14) If such a generalization can be made, do dollars received through general obligation bonds have a higher or lower return on investment compared to dollars received through fees? 15) Of the 2,593 affordable units created with the \$55 million in 2006 bonds, how many were home ownership opportunities? Of those 6 projects that provided homeownership opportunities, what were the levels of affordability, and what was the per unit subsidy? 16) What is the estimated number of affordable units to be created

with the \$65 million 2013 bond funds? MAYOR PRO TEM TOVO'S OFFICE

- b. ANSWER: See attachment.
- c. QUESTION: 1) In the Pilot Knob/Easton Park development, Brookfield Residential is to receive Austin Water Utility (AWU) Capital Recovery Fee waivers not just for the affordable housing units, but for 100% of the residential units across the project. How many other projects have received 100% waivers like this one? Are there upcoming residential projects that will also receive fee waivers for 100% of their residential units? 2) What is the consequence of reaching the annual 1,500 cap on SMART Housing fee waivers? Would the fees simply go to AWU and Development Services? 3) Is there any situation that would prevent waived fees from being deposited into the Housing Fund, such as if the SMART Housing cap is reached? 4) If the 1,500 SMART Housing cap is ever reached, would NHCD then be unable to grant fee waivers, or would the department forgo an offer from a developer to provide SMART housing? 5) It has been suggested that any AWU Capital Recover Fee (impact fee) monies deposited into the Housing Fund can simply be transferred back out and returned to AWU if the utility has a greater financial need that must be addressed. Has NHCD had other instances in which Housing Fund monies were transferred out for reasons unrelated to affordable housing? 6) The Capital Recovery Fee Advisory Committee received a report showing 450 fee waivers over a six-month period, indicating about 900 fee waivers per year. What was the trigger for those waivers? Is NHCD anticipating that the number of fee waivers will increase or remain steady (excluding the Pilot Knob/Easton Park project)? 7) City code says that fee waivers can only be given for affordable housing within the city limits. Why were waivers allowed for Pilot Knob/Easton Park, which will not be fully annexed until 2047? What was the source of NHCD's legal authority to do so? 8) Does NCCD have other affordable housing projects outside the city limits? What portion? 9) There is some contradiction in the city regulations regarding whether or not Capital Recovery Fees can be waived. How did NHCD determine which section of the code to follow in order to allow the fee waivers? COUNCIL MEMBER POOL'S OFFICE

- d. ANSWER: See attachment.

8. Agenda Item # 19: Approve a resolution directing the City Manager to conduct a comprehensive review of the City's music and creative ecosystem, and return to City Council in ninety days with options and needed resources, such as development changes, financial partnerships and research to address the continued and future success of all aspects of the City's music and creative ecosystem.
- a. QUESTION: How much in each of the past 5 years has the City of Austin spent on music including, but not limited to, promoting music, musicians, and venues/festivals (please include items like fee waivers and Hotel Occupancy

Taxes)? COUNCIL MEMBER ZIMMERMAN'S OFFICE

- b. ANSWER: See attachment.
9. Agenda Item # 34: Approve an ordinance amending City Code Chapter 2-1 relating to the vote necessary for certain large City boards to take action.
 - a. QUESTION: If these rules were to be adopted, would these be the only two commissions who have an exception from City rules related to quorum and votes necessary to make recommendations? COUNCIL MEMBER TROXCLAIR'S OFFICE
 - b. ANSWER: This only effects boards that are 14 members and over in which it isn't already written in their ordinance. The Community Development Commission and Sustainable Food Policy Board already have this written in their ordinance. Therefore, it only effects the Commission on Seniors, the Asian American Quality of Life Advisory Commission and the Joint Sustainability Committee.
10. Agenda Item # 36: Approve second and third reading of an ordinance amending City Code Title 25 to limit the ability of using small lot amnesty to disaggregate contiguous substandard lots to create a site that is smaller than the minimum lot area requirement. (THE PUBLIC HEARING FOR THIS ITEM WAS HELD AND CLOSED ON FEBRUARY 11, 2016).
 - a. QUESTION: Please provide any available data on the total number of lots impacted by this code amendment. COUNCIL MEMBER GALLO'S OFFICE
 - b. ANSWER: The attached map shows the neighborhoods that adopted small lot amnesty and the impacted parcels. These are parcels where two or more lots have been aggregated, at least one of which is substandard. There are approximately 1300 of these parcels. Please note that this is a very rough estimate. These counts have to be completed manually by looking at lot, parcel, and building footprint layers and determining where aggregations appear to have occurred.
11. Agenda Item # 37: C14-2015-0112 – 4517 Triangle Avenue – District 9 – Approve second and third reading of an ordinance amending City Code Chapter 25-2 by rezoning property locally known as 4517 Triangle Avenue (Waller Creek Watershed) from community commercial-mixed use-conditional overlay (GR-MU-CO) combining district zoning to multifamily residence-highest density-conditional overlay (MF-6-CO) combining district zoning. First Reading approved on December 10, 2015. Vote: 10-0, Mayor Adler was absent. Owner/Applicant: SV Triangle LP (R. Warren Walters). Agent: McLean & Howard, LLP (Jeff Howard). City Staff: Victoria Haase, 512-974-7691.
 - a. QUESTION: Our backup information for this item includes a resolution from

2000 waiving more than \$7.5 million fees for the Triangle development. 1) What total of fees are attributable to this portion of the project? 2) Does this Council have the opportunity to require payment of those fees? MAYOR PRO TEM TOVO'S OFFICE

- b. ANSWER: The applicant on this case is not taking advantage of any fee waivers. They have paid the fees for both the zoning case and the site plan and intend to do the same for the building permits.

END OF REPORT - ATTACHMENTS TO FOLLOW

 *The City of Austin is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request.*

 *For assistance, please call 512-974-2210 or TTY users route through 711.*



Council Question and Answer

Related To	Item #10	Meeting Date	March 3, 2016
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Additional Answer Information

QUESTION: 1) What is the lifespan of a centrifuge? 2) Do all 3 facilities use the same model of centrifuge? 3) What is the cost of a new centrifuge? 4) In each of the past 5 years, how many centrifuges (per facility) have been repaired and what were the costs associated with each of them? 5) What were the terms of the previous contract - Who was it with, how long, how much per year? COUNCIL MEMBER ZIMMERMAN'S OFFICE

ANSWER:

1) The expected lifespan of a centrifuge is approximately 25 years. Lifespan varies based on environment, abrasive quality of the feed stream, and the maintenance schedule.

2) No, the water facilities maintain units manufactured by four different vendors.

3) Two complete centrifuge systems were purchased for Water Treatment Plant #4 in 2010 for a total of \$1,428,532.

4) Ullrich Water Treatment Plant:

- One unit was repaired in 2012 for \$59,500
- One unit was repaired in 2015 for \$14,835

Davis Water Treatment Plant:

- One unit was repaired in 2013 for \$41,722
- One unit was repaired in 2014 for \$47,260

Services not covered by this contract were performed on other components of Davis's centrifuges by a different vendor at the cost of:

- 2013 - \$22,439
- 2014 - \$8,961
- 2015 - \$10,877

Water Treatment Plant #4 had no repairs.

5) The previous contract was a 36-month contract with three 12-month extension options for a total of \$120,650 annually.

Scope of Work
SOLICITATION NO. RFQS EAD0301
Community Policing Consultant

1.0 **Purpose**

The City of Austin Police Department (APD) seeks responses from consultants, consulting firms, colleges, or universities with qualifications and experience in the analysis and assessment of law enforcement programs, community outreach and engagement, and strategic operations planning for law enforcement agencies.

The purpose of this study is to provide the Austin City Council and City Executives with recommended strategies for the development of a long term strategic community policing plan for APD based on national best practices, quantifiable data from similar sized law enforcement agencies, and a community stakeholder engagement process.

The plan shall:

- Evaluate APD's current methodology for determining community engagement time to ensure it is appropriate and make recommendations for improvement if identified.
- Review APD's goal of thirty percent (30%) community engagement time as a minimum initial goal and recommend what APD's long-term community engagement time goal should be based on national best practices, comparative data from similar police departments, and community expectations.
- Based on the recommended community engagement time goal listed in the bullet above, analyze APD calls for service and current demand (by reviewing APD data) and identify how many additional officers are needed to reach the goal; taking into account expected changes in call volume, service demands, and rapidly expanding population, along with the impact of various special events throughout the year.
- Gather information on local community expectations regarding community policing through a community survey and community meeting(s), ensuring the survey reaches a diverse cross-section of Austin residents.
- Identify community policing strategies that address the community expectations identified through the community survey and community meetings.
- Identify metrics and methods for tracking how community engagement time is used.
- Identify metrics and methods for evaluating the success of APD's community policing efforts.

The selected Offeror shall be able to demonstrate experience gathering information from law enforcement agencies and conducting community surveys. All data and recommendations stemming from the collection of information will become the property of the City of Austin and will be fully accessible to the public by virtue of federal Open Records Act.

This request is for a contract of limited duration, estimated at approximately two (2) to three (3) months. It is the City's request to have the successful consultant(s) contracted to start work by mid-March 2016.

2.0 **Background**

The City of Austin has a population of approximately 900,000, covers roughly 270 square miles and is located in a central Texas metropolitan area of 1.8 million. The City operates under a City Council/City Manager form of government. Austin is known for its entertainment district and beautiful natural surroundings. It is the State Capitol and has several colleges and universities. The

strong local economy is supported by employers in technology, government, education, and the tourism industry.

Police Department Background:

APD has a total operating budget of \$372 million with 1,893 sworn and 705 civilian full-time positions. APD provides quality police services to the citizens of Austin in a variety of ways. Officers assigned to patrol and field operations respond to calls for service, provide traffic control, monitor the safety of large crowds at special events, and assist citizens in solving neighborhood problems to enhance their quality of life. Highway Enforcement officers conduct investigations of serious injury collisions, special traffic initiatives, and DWI enforcement.

APD has a number of specialized units focused on gang suppression, auto theft, child abuse, financial crimes, high tech crimes, homicide, special events, training, and recruiting, to name a few. The department also has civilian support units performing forensics, crime analysis, records administration, human resources, financial management, and 9-1-1 communications. Finally, APD has units that provide community outreach through the Police Activities League and a Police Explorer Post, Citizens' Police Academy, Operation Blue Santa, and the National Night Out Program.

Additional background information on Austin Police Department may be found through the following avenues:

- **General Information:**
www.austintexas.gov/department/police
- **2014 Austin Community Survey:**
https://assets.austintexas.gov/budget/14-15/downloads/2014_AustinDF_Final_Report.pdf

3.0 **Tasks/Requirements**

3.1 **Contractor's Minimum Qualifications & Experience**

- 3.1.1 Proposer shall have demonstrated experience in the analysis of law enforcement data.
- 3.1.2 Proposer shall have demonstrated experience in the analysis of governmental services in a State, County or Municipality with over 500,000 individuals within their jurisdiction.
- 3.1.3 Proposer shall have demonstrated experience in conducting community surveys.

3.2 **Contractor's Responsibilities**

- 3.2.1 Contractor shall deliver a master plan for a multi-community stakeholder input process.
- 3.2.2 Contractor shall deliver a draft and final comprehensive long-term strategic plan for community policing with recommendations that address each bulleted item listed in *Section 1.0 Purpose* above.
- 3.2.3 Contractor shall provide the comprehensive long-term strategic plan to the Austin Police Department via Chief Art Acevedo.

3.3 **City's Responsibilities**

- 3.3.1 APD will provide assistance with gathering requested data such as organizational charts, data for response times, etc. on an as needed basis.
- 3.3.2 APD shall own all materials created as a result of this project.

4.0 **Deliverables/Milestones**

4.1 The following is a list of anticipated project deliverables that shall be included in the comprehensive community policing plan to be sent to the Austin Police Department via Chief Art Acevedo:

4.1.1 An overview of current demand for APD services with respect to:

- A. Current organizational structure and staffing
- B. Patrol workloads
- C. Support staff (sworn and civilian) workloads
- D. Response times on calls for service
- E. Other key departmental performance measures

4.1.2 Best practices for determining a community policing metric used in peer cities:

- A. Identify at least five law enforcement agencies with similar community dynamics and department organizational structure (e.g. cities over 500,000 population, specialized traffic and special events units, etc.)
- B. Describe methods currently in use for determining metric for community policing efforts
- C. List benchmarks and metrics used for community policing in peer cities.

4.1.3 An overview of community expectations for community policing in Austin:

- A. Conduct a survey of a representative sample of Austin residents and community stakeholders regarding their expectations of community policing.
- B. Solicit input from community through the facilitation of group meetings/forums.
- C. Questions regarding perceptions of safety must be included in the survey to benchmark against the City of Austin's annual community survey findings.
- D. Questions regarding the visibility of police officers must be included in the survey to benchmark against the City of Austin's annual community survey findings.

4.1.4 Recommendations which address each bulleted item in Section 1.0 Purpose for APD community policing that reflect results of community engagement, national best practices, and quantitative data for the next five years.

5.0 **Progress Reports**

The proposer shall submit biweekly progress reports to the City. The reports shall describe significant achievements and problems which have potential effect on schedule or costs. They should be sufficiently detailed to assure that directions being pursued are in compliance with the stated scope and criteria.

Deliverables/Milestones	Description	Timeline (due/completion date, reference date, or frequency)	Performance Measure/ Acceptance Criteria	Contract Reference/ Section
Master plan for multi stakeholder input process	Consultant shall deliver plan for soliciting community input through surveys, interviews and group meetings	TBD	City written approval	3.2.1
Draft community policing plan	Consultant shall deliver a draft plan to City staff for review and feedback	TBD	City written approval	3.2.2
Final community policing plan	Consultant shall deliver final recommendations to City staff	TBD	City written approval	3.2.2
Deliver Plan to the Chief	Consultant shall deliver final recommendation plan to Chief Acevedo	TBD	City written approval	3.2.3

6.0 **Timeline**

Offeror shall provide a detailed timeline for their proposed completion of the plan. The timeline shall represent tasks and deadlines shown in days and weeks.

All deliverables associated with this proposal are subject to the approval of the Police Chief or his designee, as applicable. Any changes or modifications to the approved plan must be authorized in writing by the Police Chief or his designee.

7.0 **Compensation**

Actual fees for the services will be submitted and negotiated after a Consultant has been selected based on the evaluation factors listed in Section 0600. The Contract amount shall not exceed \$200,000.



Council Question and Answer

Related To	Item #18	Meeting Date	March 3, 2016
Additional Answer Information			

QUESTION'S FROM: MAYOR PRO TEM TOVO'S OFFICE

ANSWER:

1) Please describe the items that will be contained within the Development Agreement and the estimated timetable for completion, and indicate whether that agreement will be approved by Council.

A team of staff members plans to meet with the developer to propose all the required components of the development agreement. The agreement will have several components to include identifying: how real property will be acquired and/or transferred; how income eligibility will be ensured; Capital Recovery Fee waiver caps; and how the funds will be managed. Staff is not opposed to bringing the item forward for City Council action.

2) Please describe what will be contained in a restrictive covenant and the estimated timetable for completion, and explain why that wasn't executed prior to a final decision on the zoning and whether the restrictive covenant will come to Council for approval.

The restrictive covenant cited in the Pilot Knob PUD ordinance falls in Part 8.B outlining the affordability requirements for rental. Not all of the multi-family sites will include affordable units. Until the sites are identified a restrictive covenant will not be recorded. Sites identified to include affordability will have a restrictive covenant outlining the rental housing requirements for the development. An example restrictive covenant was attached to the ordinance and will be tailored to the Pilot Knob affordable rental developments. The PUD ordinance places the affordability requirements on the entire site. There is no time table at this time as the site plan and subdivision process is in the early stages.

3) The original MUD agreement required the developer to sell 10%/650 units at a price affordable to individuals at 80% MFI. During the work session it was noted that the city has the option but not the obligation to purchase the land and/or units. If the city declined to purchase any lots or units in the development, would the developer revert back to the original commitment to build and sell 650 units at affordable prices at the first sale? If so, where in the documents is that mechanism described?

A response to this question was provided in a memo from the Law Department.

4) At what point during the development process will the Austin Water Utility and Development Services waived fees be deposited into the Affordable Housing Trust Fund? (Please provide this information for a phased project with a buildout of 20 to 30 years.)

This item would be formalized in the Development Agreement.

5) How will the price for the affordable lots purchased by the City be determined?

This item would be formalized in the Development Agreement.

6) **If the fees are paid over time rather than at the outset of the development, how will the City purchase lots and/or units if the Affordable Housing Trust Fund doesn't yet have sufficient money to cover the lot/unit costs?**

This is yet to be determined.

7) **Mueller has been offered as a model for the affordable housing program at Pilot Knob. Please describe (a) the total amount of public money committed to the project and an estimate of the amount allocated toward housing versus parks and other amenities (b) the number, percentage, and level of affordable units and (c) the total amount and % of fees waived for SMART housing and any other relevant similarities/differences.**

a) Mueller Affordable Housing Summary

Per the 2004 Master Development Agreement between the City of Austin and Catellus Development, 25% of all for-sale and for-rent units at Mueller are affordable. This translates to over 1,475 units of the 5,900 total units included in the current development program at completion. Affordable Units at Mueller are priced to serve 30% - 80% Area MFI.

- For sale units serve 80% MFI and are administered by the Mueller Foundation (see below).
- Market rate multifamily projects have at least 10% affordable units (some projects include 15%) and serve 60% MFI with requirements for 50 years of affordability.
- Three predominantly affordable, mixed-income tax credit projects reach deeper levels of affordability, with a majority of units at 60% MFI or below (described more below under "Deeper Affordability").

Below is a table summarizing the latest data from the Mueller Semi-Annual Report / Affordable Housing report (through November 2015):

Type	Mueller To-Date Total No. of Units Contracted ¹	Mueller To-Date No. of Affordable Units Contracted ¹	Current Percentage of Affordable Homes ²
For-sale	1,732	485	28.0%
For rent	1,981	569	28.7%
Total	3,713	1054	28.4%

1. Includes units completed, under construction, or under contract and not under construction yet
2. At any point in time during development, the actual percentage of affordable homes may be above or under the required 25%

b) MDA and Public Funds

Through the 2004 Master Development Agreement, the City established a TIF and has issued bonds to support the financing of the public infrastructure at Mueller. To date, the City has issued \$62M in bonds. Debt service on the bonds is paid by property and sales taxes generated by the project.

Eligible infrastructure consists of streets, bicycle and pedestrian infrastructure, utilities, parks, and drainage/water quality. These funds are not used for affordable housing.

c) S.M.A.R.T. Housing Program and Waivers

The Master Development Agreement requires Catellus to implement the City's S.M.A.R.T. Housing criteria. Catellus is also required to develop 25% of the total residential units at Mueller as affordable housing. Catellus is responsible for building the infrastructure and for the sale of lots to third party builders or developers. The third-party residential at Mueller qualifies for and has received partial fee waivers of 62.5% per the S.M.A.R.T. Housing ordinance.

- Austin Water Utility fee waivers for Mueller are \$1.1 million.
- Through Catellus' contract with the homebuilders, the portion of fees that is waived by the City is collected at lot closing and transferred to the Mueller Foundation, further allowing the Foundation to retain homes in the affordable homes program (described more below).

d) Achieving Deeper Levels of Affordability

Separate from the MDA, two projects at Mueller have received financing from AHFC. DMA applied for and received funds to help finance two tax credit mixed-income communities at Mueller, in order to achieve greater levels of affordability:

➤ **Wildflower Terrace by Diana McIver & Associates:** Senior Affordable Multi-Family Housing (completed 2011)

- 201 units total
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8) It's my understanding that (generally speaking) the Mueller Foundation purchases affordable homes with

proceeds it receives from previous sales of homes in the affordable program. Was a similar mechanism contemplated for Pilot Knob, using the \$8 million (now \$6 million) as starter funds to repurchase the 650 houses that the developer had committed to offer at affordable prices?

The Mueller Foundation is a 501c3 non-profit organization, with Austin community board members, that provides oversight for the Mueller Affordable Homes Program to ensure its long-term sustainability. Its funds are held by the Austin Community Foundation. Homes in the Mueller Affordable Homes Program are sold for less than the homes' actual value. The Mueller Foundation holds a soft second lien and has a "purchase option" so that the homes can be re-sold to future income-qualified homebuyers to maintain the inventory and further support future affordability efforts. Currently the Mueller Foundation has soft second liens on 300 homes and has repurchased 41 homes.

The funding for the Mueller Foundation comes from three revenue sources:

1. A 0.25% fee on all commercial and residential property sales in perpetuity.
2. A fee of approximately \$1000 per unit collected from residential builders/developers. This fee was an approximation of the amount of S.M.A.R.T. Housing fee waivers granted by the City. The early estimate was based on water meter and tap fees at the time, but has since increased in line with Austin Water Utility's revised fee structure.
3. Shared-equity reimbursements to the Mueller Foundation received upon the resale of an affordable home.

Due to the nature of the timing of the bond issuances, these funds are not being contemplated as starter funds for the Housing Trust Fund.

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A response to this question was provided in a memo from the Law Department.

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As required by Local Government Code Chapter 395, Section 395.012, capital recovery fees can only be used to pay the direct costs or to pay the principal and interest on bonds issued for constructing capital improvements or facility expansions identified in the growth-related capital improvement plan.

Collected capital recovery fees have only been used as prescribed by the law mentioned above. S.M.A.R.T. Housing waives capital recovery fees and development review fees as an incentive to developers to produce a percentage of affordable units. Waived capital recovery fees are not collected and therefore would not be used for any purpose. In the Mueller Development, the developer requires the non-affordable builders to pay a separate fee in the amount of the repay the capital recovery or development review fee waiver to the Mueller Foundation to support the affordable housing program.

11) Do all departments budget for up to 1,500 SMART Living Unit Equivalent fee waivers per year? If so, please explain why AWU is projecting a rate increase in response to the fees waived in the Pilot Knob PUD

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About 1 cent of the property tax rate can be attributed to \$100 million general obligation housing bonds. The impact of 1 cent of property tax rate for the owner of a **median-valued home** of \$236,874 (non-senior residential homestead with 6% general homestead exemption) is \$23.69 on an annual basis.

The City's current property tax rate for FY 2015-2016 is \$0.4589 per \$100 assessed valuation. The debt portion is \$0.1062 of that total property tax rate.

Whether or not this amount would change over time is complicated. It would tend to decrease over time as more new construction is added to the roll. It would only increase over time if the rate of growth of the median-valued home were to outpace the growth of other property classes and new construction.

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13) Of the 2,593 affordable units created with the \$55 million in 2006 bonds, how many were home ownership opportunities? Of those 6 projects that provided homeownership opportunities, what were the levels of affordability, and what was the per unit subsidy?

There were 242 home ownership opportunities funded with 2006 G.O. Bond Funds. The average Median Family Income has been 53% of Median Family Income. The average per unit subsidy is approximately \$57,000. (The Median Family Income skews low because the majority of the homes were built by Austin Habitat for Humanity whose program serves buyers at or below 50% MFI.

14) What is the estimated number of affordable units to be created with the 2013 \$65 million in bond funds?

NHCD anticipates the same number or slightly less than the 2006 bonds due to the increase in land costs and construction costs. The 2013 bonds have not funded any single-family as of this date.

QUESTION'S FROM: COUNCIL MEMBER POOL'S OFFICE

ANSWER:

1) In the Pilot Knob/Easton Park development, Brookfield Residential is to receive Austin Water Utility (AWU) Capital Recovery Fee waivers not just for the affordable housing units, but for 100% of the residential units across the project. How many other projects have received 100% waivers like this one? Are there upcoming residential projects that will also receive fee waivers for 100% of their residential units?

City Council has not approved any other projects in the City's limited purpose annexation area for S.M.A.R.T. Housing certification and fee waivers. However, additional projects within the City's full purpose jurisdiction have received 100% fee waivers. Additional time will be needed to provide an accurate response to the number of projects due to the longevity of the program.

Yes, any projects that have been certified and comply with the S.M.A.R.T. Housing ordinance requirement to include the inclusion of affordable units in a community land trust.

2) What is the consequence of reaching the annual 1,500 cap on SMART Housing fee waivers? Would the fees simply go to AWU and Development Services?

Currently, there is an annual 1,500 living unit equivalent cap on the capital recovery fee waivers (this cap does not apply to the Mueller development). At this time, a process has not been created to manage the situation when we reach the 1,500 cap during the year.

3) Is there any situation that would prevent waived fees from being deposited into the Housing Fund, such as if the SMART Housing cap is reached?

If fees are not waived then there is no fee equivalent to be deposited in the Housing Fund. The development agreement could address other alternatives.

4) If the 1,500 SMART Housing cap is ever reached, would NHCD then be unable to grant fee waivers, or would the department forgo an offer from a developer to provide SMART housing?

This situation has not been addressed at this time and a process would need to be created to properly manage it.

5) It has been suggested that any AWU Capital Recover Fee (impact fee) monies deposited into the Housing Fund can simply be transferred back out and returned to AWU if the utility has a greater financial need that must be addressed. Has NHCD had other instances in which Housing Fund monies were transferred out for reasons unrelated to affordable housing?

No, NHCD has not created a fund like this in the past..

6) The Capital Recovery Fee Advisory Committee received a report showing 450 fee waivers over a six-month period, indicating about 900 fee waivers per year. What was the trigger for those waivers? Is NHCD anticipating that the number of fee waivers will increase or remain steady (excluding the Pilot Knob/Easton Park project)?

The S.M.A.R.T. Housing certification letter is designed to be the trigger. NHCD would anticipate this number increasing as long as the residential construction industry remains strong.

7) City code says that fee waivers can only be given for affordable housing within the city limits. Why were waivers allowed for Pilot Knob/Easton Park, which will not be fully annexed until 2047? What was the source of NHCD's legal authority to do so?

NHCD does not certify projects for S.M.A.R.T. Housing in limited purpose annexed areas without Council approval. Council action on the Pilot Knob PUD approved S.M.A.R.T. Housing certification.

8) Does NCCD have other affordable housing projects outside the city limits? What portion?

There are affordable housing requirements in several MUDs but they are not S.M.A.R.T. Housing certified.

9) There is some contradiction in the city regulations regarding whether or not Capital Recovery Fees can be waived. How did NHCD determine which section of the code to follow in order to allow the fee waivers?

A response to this question was provided in a memo from the Law Department.

Updated Staff Estimates per March 1 Work Session Discussion:

**Development Services Department
Pilot Knob – Revised (March 1, 2016)**

Subdivision Application	Subdivision Inspection	Site Plan Application	Commercial Building Permits	Commercial Plan Review	Residential Building Permits	Residential Plan Review	Estimated Total
2,216 acres	2216 acres	4,500 units	4,500 units	4,500 units	5,000 units	5,000 units	
\$410 per acre	\$1173.28 per acre	\$120 per unit	\$654.58 per unit	\$1,235 per unit	\$705.12 per unit	\$355.68 per unit	
\$910,000	\$2.6 million	\$542,000	\$2.9 million	\$5.6 million	\$3.5 million	\$1.7 million	\$17.8 million*

*Based on the following assumptions:

1. There is only 1-review cycle for the residential and commercial applications.
2. The average size unit is 2500 square feet
3. Documents do not take into account future development fee increases.
4. Commercial is based on 1,500 Condo/Townhome Units, and 3,000 multi-family units
5. Residential is based on 5,000 single-family units



Council Question and Answer

Related To	Item #18	Meeting Date	March 3, 2016
Additional Answer Information			

QUESTION'S FROM: MAYOR PRO TEM TOVO'S OFFICE

ANSWER:

1) Please describe the items that will be contained within the Development Agreement and the estimated timetable for completion, and indicate whether that agreement will be approved by Council.

A team of staff members plans to meet with the developer to propose all the required components of the development agreement. The agreement will have several components to include identifying: how real property will be acquired and/or transferred; how income eligibility will be ensured; Capital Recovery Fee waiver caps; and how the funds will be managed. Staff is not opposed to bringing the item forward for City Council action.

2) Please describe what will be contained in a restrictive covenant and the estimated timetable for completion, and explain why that wasn't executed prior to a final decision on the zoning and whether the restrictive covenant will come to Council for approval.

The restrictive covenant cited in the Pilot Knob PUD ordinance falls in Part 8.B outlining the affordability requirements for rental. Not all of the multi-family sites will include affordable units. Until the sites are identified a restrictive covenant will not be recorded. Sites identified to include affordability will have a restrictive covenant outlining the rental housing requirements for the development. An example restrictive covenant was attached to the ordinance and will be tailored to the Pilot Knob affordable rental developments. The PUD ordinance places the affordability requirements on the entire site. There is no time table at this time as the site plan and subdivision process is in the early stages.

3) The original MUD agreement required the developer to sell 10%/650 units at a price affordable to individuals at 80% MFI. During the work session it was noted that the city has the option but not the obligation to purchase the land and/or units. If the city declined to purchase any lots or units in the development, would the developer revert back to the original commitment to build and sell 650 units at affordable prices at the first sale? If so, where in the documents is that mechanism described?

A response to this question was provided in a memo from the Law Department.

4) At what point during the development process will the Austin Water Utility and Development Services waived fees be deposited into the Affordable Housing Trust Fund? (Please provide this information for a phased project with a buildout of 20 to 30 years.)

This item would be formalized in the Development Agreement.

5) How will the price for the affordable lots purchased by the City be determined?

This item would be formalized in the Development Agreement.

6) If the fees are paid over time rather than at the outset of the development, how will the City purchase lots and/or units if the Affordable Housing Trust Fund doesn't yet have sufficient money to cover the lot/unit costs?

This is yet to be determined.

7) Mueller has been offered as a model for the affordable housing program at Pilot Knob. Please describe (a) the total amount of public money committed to the project and an estimate of the amount allocated toward housing versus parks and other amenities (b) the number, percentage, and level of affordable units and (c) the total amount and % of fees waived for SMART housing and any other relevant similarities/differences.

a) ***Mueller Affordable Housing Summary***

Per the 2004 Master Development Agreement between the City of Austin and Catellus Development, 25% of all for-sale and for-rent units at Mueller are affordable. This translates to over 1,475 units of the 5,900 total units included in the current development program at completion. Affordable Units at Mueller are priced to serve 30% - 80% Area MFI.

- For sale units serve 80% MFI and are administered by the Mueller Foundation (see below).
- Market rate multifamily projects have at least 10% affordable units (some projects include 15%) and serve 60% MFI with requirements for 50 years of affordability.
- Three predominantly affordable, mixed-income tax credit projects reach deeper levels of affordability, with a majority of units at 60% MFI or below (described more below under "Deeper Affordability").

Below is a table summarizing the latest data from the Mueller Semi-Annual Report / Affordable Housing report (through November 2015):

Type	Mueller To-Date Total No. of Units Contracted ¹	Mueller To-Date No. of Affordable Units Contracted ¹	Current Percentage of Affordable Homes ²
For-sale	1,732	485	28.0%
For rent	1,981	569	28.7%
Total	3,713	1054	28.4%

1. Includes units completed, under construction, or under contract and not under construction yet
2. At any point in time during development, the actual percentage of affordable homes may be above or under the required 25%

b) ***MDA and Public Funds***

Through the 2004 Master Development Agreement, the City established a TIF and has issued bonds to support the financing of the public infrastructure at Mueller. To date, the City has issued \$62M in bonds. Debt service on the bonds is paid by property and sales taxes generated by the project.

Eligible infrastructure consists of streets, bicycle and pedestrian infrastructure, utilities, parks, and drainage/water quality. These funds are not used for affordable housing.

c) S.M.A.R.T. Housing Program and Waivers

The Master Development Agreement requires Catellus to implement the City's S.M.A.R.T. Housing criteria. Catellus is also required to develop 25% of the total residential units at Mueller as affordable housing. Catellus is responsible for building the infrastructure and for the sale of lots to third party builders or developers. The third-party residential at Mueller qualifies for and has received partial fee waivers of 62.5% per the S.M.A.R.T. Housing ordinance.

- Austin Water Utility fee waivers for Mueller are \$1.1 million.
- Through Catellus' contract with the homebuilders, the portion of fees that is waived by the City is collected at lot closing and transferred to the Mueller Foundation, further allowing the Foundation to retain homes in the affordable homes program (described more below).

d) Achieving Deeper Levels of Affordability

Separate from the MDA, two projects at Mueller have received financing from AHFC. DMA applied for and received funds to help finance two tax credit mixed-income communities at Mueller, in order to achieve greater levels of affordability:

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*Based on the following assumptions:

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3. Documents do not take into account future development fee increases.
4. Commercial is based on 1,500 Condo/Townhome Units, and 3,000 multi-family units
5. Residential is based on 5,000 single-family units



Council Question and Answer

Related To	Item #19	Meeting Date	March 3, 2016
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Additional Answer Information

QUESTION: How much in each of the past 5 years has the City of Austin spent on music including, but not limited to, promoting music, musicians, and venues/festivals (please include items like fee waivers and Hotel Occupancy Taxes)? COUNCIL MEMBER ZIMMERMAN'S OFFICE

ANSWER:

The table below describes the Economic Development Departments spending in music. Please note that these estimates do not include Council initiated fee waivers and City sponsorships which sometimes have a music component but cannot be tied solely to the support of music

	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16
Operating Funds					
Music & Entertainment Division	\$316,988	\$372,489	\$514,513	\$539,401	\$690,903
Cultural Arts Division – Artist Inc.*				\$4,560	\$1,520
Small Business Program – Getting Connected**					\$7,500
Special Revenue Funds					
Music Venue Assistance Program			\$87,140		
Hotel/Motel Occupancy Tax Funds					
Cultural Arts Funding – Music-related Non-profit Organizations	\$851,597	\$1,126,489	\$1,256,735	\$1,598,369	\$1,998,374
Total EDD Investments in Music	\$1,168,585	\$1,498,978	\$1,858,388	\$2,142,330	\$2,698,297

Music & Entertainment Division

The [City's Music & Entertainment Division](#) is an economic development accelerator and centralized resource center for Austin's music industry, and an active community partner for Austin's citizens, community groups, and neighborhoods. The figures listed above reflect the total division budget, which includes costs associated with music venue permitting.

The Music Venue Assistance Program was created to support our valuable music industry, and to reduce sound complaints. This program offers low interest micro loans to qualifying establishments for the purpose of enhancing the sound quality of indoor and outdoor venues, while reducing sound impact to neighboring uses.

For a full list of the Music & Entertainment Division programs and services, visit www.atxmusic.org.

Cultural Arts Division

The City of Austin provides cultural arts programs for the Austin community by contracting with arts organizations for specific services. These contracts are referred to as Cultural Services Agreements, or Cultural Contracts. The contract areas include Dance, Literature, Media Arts, Multidisciplinary, Music, Opera/Music Theater and Visual Arts/Public Art.

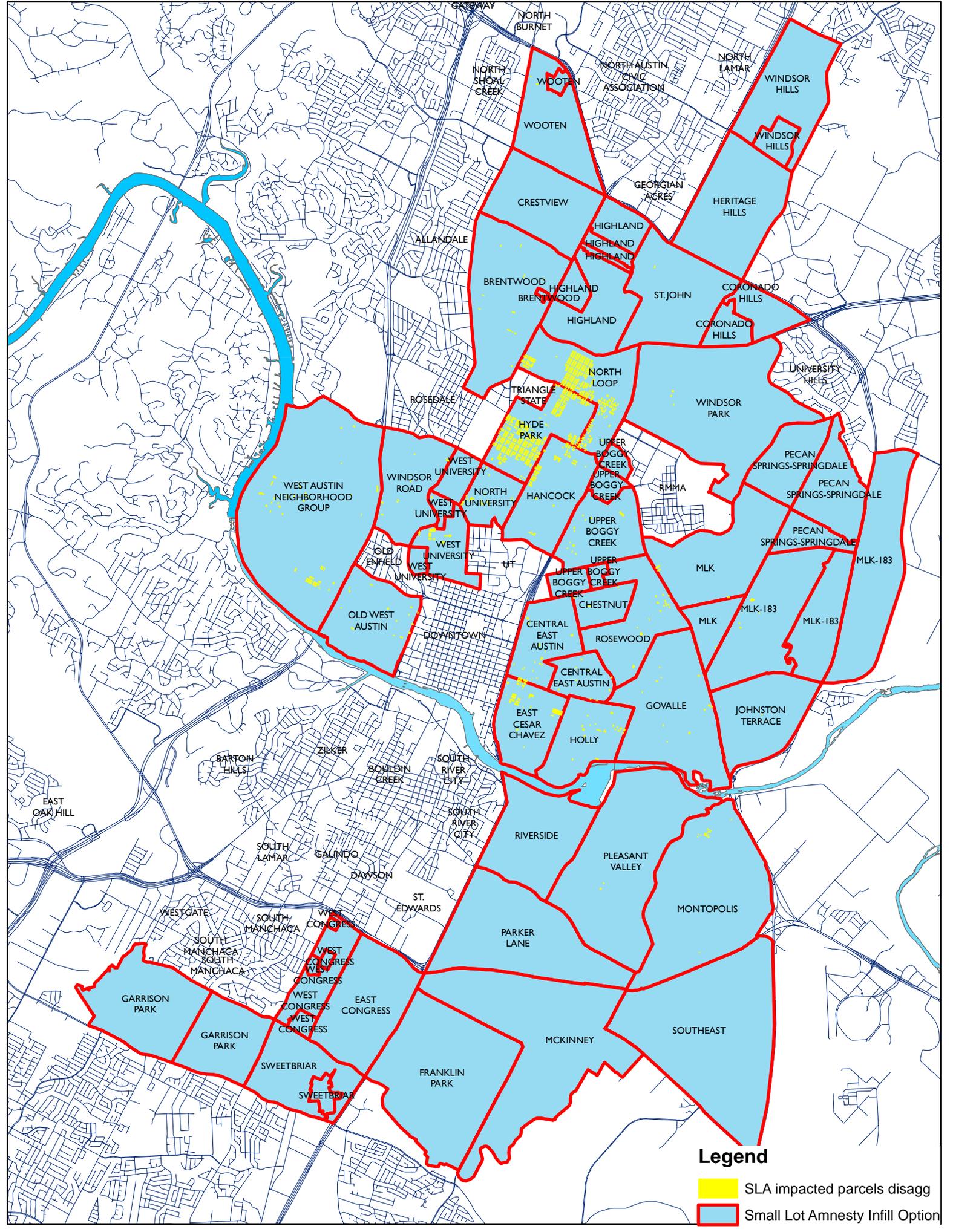
Program descriptions for each can be found at: <http://austintexas.gov/department/cultural-funding>

* Artist Inc. is an innovative training program that addresses the business training needs of working artists and musicians.

Small Business Program

** In FY2015, the Small Business Program expanded the Harvard Ash Government Award winning program, Getting Connected, to include the creative sector during the first day of the two day program as well as strategic planning with the Music and Entertainment Division staff. Dave Kusek, author of How to Hack the Music Business, conducted two sessions specifically for musicians.

The Austin Convention and Visitor's Bureau (ACVB) also expends funds on music related activities. Based on a recent presentation to the Council Economic Opportunity Committee, ACVB representatives indicated that amount to be 80% of the ACVB marketing budget, plus the amount budgeted directly for their music office. Staff estimates between \$4 million - \$5 million per year, over the last 5 years. It is important to note that ACVB's activities are directed toward marketing Austin as a convention and visitor destination, not directly spending funds on supporting music; however, as the Live Music Capital of the World, marketing Austin as a destination includes a significant music focus. Hotel Occupancy Tax dollars are the funding source.



Legend

- SLA impacted parcels disagg
- Small Lot Amnesty Infill Option